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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY FOR
APPROVALS ASSOCIATED WITH A
TRANSACTION WITH THE MARICOPA
COUNTY MUNICIPAL WATER
CONSERVATION DISTRICT NUMBER ONE.

DOCKET NO. W-01303A-05-0718

PROCEDURAL ORDER

BY THE COMMISSION:

On October 11, 2005, Arizona-American Water Company ("Arizona-American" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for certain approvals associated with a transaction with its Agua Fria Water District and the Maricopa County Municipal Water Conservation District Number One ("MWD") in order to enable Applicant to obtain treatment at the planned White Tanks Plant of a portion of Applicant's Central Arizona Project ("CAP") Water allocation. MWD proposes to construct a regional water-treatment facility known as the White Tanks Plant to treat surface water delivered over CAP facilities. In association with the planned transaction with MWD, Applicant requests Commission approval of the issuance of evidence of indebtedness in the amount of approximately \$37,414,000 for a 40-year capital lease obligation with an interest rate of 275 basis points over the long-term Treasury bond rate; approval of the transfer of certain assets to MWD; and approval of proposed increases to and extension of Applicant's existing CAP Hook-Up Fee tariff assessed to new-home construction. In association with the capital lease, Applicant also seeks Commission approval of its proposed ratemaking treatment and recovery method for capital and operating costs, and a prudence finding.

On December 14, 2005, a telephonic Procedural Conference was held, as requested by Arizona-American and the Commission's Utilities Division Staff ("Staff"), for the purpose of discussing Arizona-American's proposed procedural schedule for the conduct of the proceedings in this matter. Counsel for Arizona-American and Staff appeared. Arizona-American proposed

1 completing public notice of its application and the hearing by January 9, 2006, and that a hearing be
2 held on the application during the week of March 6, 2006. Staff did not oppose the proposed
3 procedural schedule, and on December 19, 2005, a Procedural Order was issued setting a hearing to
4 commence on March 7, 2006, setting an intervention deadline of January 23, 2006, and ordering
5 public notice to be accomplished by January 9, 2006. The Procedural Order also set discovery
6 deadlines, set a deadline of February 6, 2006, for Staff and any intervenors to pre-file direct
7 testimony, and set a deadline of February 27, 2006, for the Company to pre-file rebuttal testimony.

8 On January 4, 2006, the Residential Utility Consumer Office ("RUCO") filed an Application
9 to Intervene.

10 On January 5, 2006, Staff filed a Request for Change in Hearing Date. The Request stated
11 that counsel for Staff has plans for travel out of the country for the weeks of March 6 and 13, 2006,
12 that counsel for Staff conferred with counsel for RUCO and the Company, and that those parties are
13 available for March 3, 2006. Staff requested that the hearing date be set for March 3, 2006. The
14 Request stated that if the date of March 3, 2006 is not available for the hearing, counsel for Staff will
15 arrange for other counsel to appear on behalf of Staff.

16 The hearing is set to commence on March 7, 2005, and to continue to March 8, 2006. Moving
17 the hearing ahead one day to Friday, March 3, 2006 would make the second day of hearing fall on
18 Monday, March 6, 2006, or a later date. The Company plans to call four witnesses, Staff plans to call
19 at least one witness, and RUCO has requested intervention. As the deadline for intervention has not
20 yet passed, it is unknown at this time how many parties may be participating in the hearing. It
21 appears very likely, however, that two days of hearing will be required. Therefore, moving the
22 hearing ahead to Friday, March 3, 2006, would not necessarily resolve the issue of availability of
23 Staff counsel for the hearing. In addition, moving the hearing to March 3, 2006 would also shorten
24 the time for intevenors to prepare for hearing in response to the Company's rebuttal testimony from
25 eight days to five days. It is unknown whether potential intervenors other than RUCO would agree to
26 such a shortening of preparation time. For these reasons, the request to move the hearing date ahead
27 to March 3, 2006 should not be granted.

1 IT IS THEREFORE ORDERED that the Request for Change in Hearing Date filed on
2 January 5, 2006 is hereby denied.

3 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
4 Communications) continues to apply to this proceeding and shall remain in effect until the
5 Commission's Decision in this matter is final and non-appealable.

6 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
7 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

8 DATED this 5th day of January, 2006

9
10 
11 TEENA WOLFE
12 ADMINISTRATIVE LAW JUDGE

13 Copies of the foregoing mailed/delivered
14 this 6 day of January, 2006 to:

15 Craig A. Marks
16 Arizona-American Water
17 19820 N. 7th Street, Ste. 201
18 Phoenix, AZ 85024
19 **Via Facsimile to 623-445-2451**

20 Christopher Kempley, Chief Counsel
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29 By: 
30 Molly Johnson
31 Secretary to Teena Wolfe